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STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

BMR 2104 – MARKET PLANNING AND MANAGEMENT
(All sections / Groups)

3 MARCH 2016
2:30pm-4:30pm
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 4 pages with 2 parts only.
2. i) Attempt **TWO** out of **THREE** questions in Part A.
ii) Attempt **ALL** questions in Part B.
3. The distribution of the marks for each question is given.
4. Please write all your answers in the Answer Booklet provided.

Part A: Short Essay (40 marks)

Attempt **TWO (2)** out of **THREE (3)** questions

Question 1

- a) Explain the difference between market segmentation and market targeting. (10 marks)
- b) Explain how marketers use local marketing and individual marketing? Provide example in your explanation. (10 marks)

(Total: 20 marks)

Question 2

Describe any **FIVE (5)** functions on how marketing channel members add value in the channel of distribution between manufacturers and consumers. (Total: 20 marks)

Question 3

After involved in negative news, Tiger Woods' endorsement deals were terminated by a host of sponsors, including Accenture, Gillette, AT&T, and General Motors. Explain from the endorser credibility perspective, the reasons for these companies dropping Woods from their promotional efforts. (Total: 20 marks)

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Part B: Case Study (60 marks)

Attempt ALL questions

Dyson: Solving Customer Problems in Ways They Never Imagined

In late 1990s, Dyson's full lines of vacuums were being distributed in multiple global markets by the founder, James Dyson who was born and raised in the United Kingdom. Dyson the company famous for vacuum cleaners, hand dryers, and fans unlike anything else on the market is about to revolutionize the traditional sink faucet. The Airblade Tap a faucet that washes and dries hands with completely touch-free operation is the latest in a line of revolutionary Dyson products that have reinvented their categories. In fact, Dyson was founded on a few very simple principles. First, every Dyson product must provide real consumer benefits that make life easier. Second, each product must take a totally unique approach to accomplishing common, everyday tasks. Finally, each Dyson product must infuse excitement into products that are so mundane, most people never think much about them.

The Dyson Method

During the development of Dyson's vacuums, a development model began to take shape. Take everyday products, focus on their shortcomings, and improve them to the point of reinvention. "I like going for unglamorous products and making them a pleasure to use," Dyson told *Fortune* magazine. With that realization, Dyson created and launched the Airblade, a hand dryer that blows air through a 2 millimeter slot at 420 miles per hour. It dries hands in 12 seconds, rather than the more typical 40 seconds required by other hand dryers. It also uses cold air a huge departure from the standard warm-air approach of existing commercial dryers. This not only reduced energy consumption by 75 percent, but customers were much more likely to use a product that worked fast and did the job right.

With very observable benefits, the Airblade was rapidly adopted by commercial customers. For example, as part of a comprehensive plan to improve its environmental impact, Los Angeles International Airport (LAX) was looking for a solution to the financial and environmental costs of manufacturing. Switching to recycled paper towels helped, but only minimally. The energy used by conventional hand dryers made them an unattractive alternative. But when LAX management saw a demonstration of the Dyson Airblade, it was a no-brainer. With Airblades installed throughout its terminals, LAX was able to significantly reduce landfill waste as well as costs.

Today's Airblades have evolved, with the first Airblade, it was apparent that all that high-powered air is noisy. So Dyson spent seven years and a staggering \$42 million to develop the V4 motor, one of the smallest and quietest commercial motors available. The new Airblade is quieter and almost six pounds lighter than the original. But even more advanced is Dyson's new Blade V, a sleeker design that is 60 percent thinner than the Airblade, protruding only four inches from the wall. Dyson prices its products at a premium. For example, its fans start at about \$300. That's a huge price premium over typical household fans. Its new Airblade Tap retails for \$1,500, a steep price for a bathroom faucet.

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Assessing Real Customer Needs

Although Dyson sees itself as a technology-driven company, it develops products with the enduser in mind. But rather than using traditional market research methods, Dyson takes a different approach. "Dyson avoids the kind of focus group techniques that are, frankly, completely averaging," says Adam Rostrom, group marketing director for Dyson. Rather, Dyson's uses an approach it calls "interrogating products" to develop new products that produce real solutions to customer problems. After identifying the most obvious shortcomings for everyday products, it finds ways to improve them. It then tests prototypes with real consumers under heavy non-disclosure agreements. In this manner, Dyson can observe consumer reactions in the context of real people using products in their real lives. This enables Dyson to develop revolutionary products like the Air Multiplier, a fan that moves large volumes of air around a room with no blades. Referring to the standard methods of assessing customer needs and wants, Rostrom explains, "If you asked people what they wanted from their fan tomorrow, they wouldn't say 'get rid of the blades.' Our approach is about product breakthroughs rather than the approach of just running a focus group and testing a concept."

No Nonsense Promotion

"There is only one word that's banned in our company: brand," the company is not about creating images and associations that do not originate with the quality and function of the product itself. "We're only as good as our latest product." Dyson's approach to brand building centers on simply letting its products speak for them. Indeed, from the mid-1990s when it started promoting its bag-less vacuums, Dyson invested heavily in television advertising. But unlike most creative approaches, Dyson's ads are simple and straightforward, explaining to viewers immediately what the product is, what it does, and why they need one.

"It's a really rational subject matter that we work on, so we don't need to use white horses on beaches or anything like that," Rostrom says, referring to Dyson's no-nonsense approach to advertising. "We need only to explain the products. One thing we're careful to avoid is resorting to industry-standard ways of communicating fluffy dogs and sleeping babies and so on. We don't want to blend in that way."

Today, Dyson complements traditional advertising with digital efforts. Like its TV advertising, such methods are simple, straightforward, and right to the point. For example, e-mail communications are used sparingly, targeted to existing customers, and timed for maximum impact. And beyond the media it buys, Dyson considers public relations as the promotional medium that carries most of the weight. From product reviews in the mainstream media to online reviews and tweets about its products, word of its Dyson's products gets around fast.

Dyson products are sold in over 50 global markets, selling well in emerging economies as well as developed first-world nations. Dyson does well in both economic good times and recessionary periods. Dyson also sees another big move in its future a chain of company stores (as many as 20,000 in stores the United States alone) carved in the image of Apple's beloved hangouts. From a single vacuum cleaner to what Dyson is today in less than 20 years that's quite an evolution.

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Source: Armstrong, G. and Kotler, P. (2015). Marketing: An Introduction, 12th edition. Prentice Hall, pp. 553-555.

Questions related to case study,

Question 1:

- a) Propose a market-oriented mission statement for Dyson. Explain the proposed mission statement. (10 marks)
 - b) Based on the mission statement, propose one (1) goal and one (1) objective for Dyson. (10 marks)
- (20 marks)

Question 2:

Discuss Dyson's products, price and promotion techniques on how they fit within the context of its business and marketing strategy. (20 marks)

Question 3:

Propose marketing strategies for Dyson to expand its business as a chain of company store. (20 marks)

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